

North Carolina District Review

June, 2006

U.S. Small Business Administration
North Carolina District

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MOST ACTIVE LENDERS FY 2006 YTD

OCTOBER 1, 2005 THROUGH MAY 31, 2006

LENDERS

Large and National Banks

	7(a)	504	Total	\$ Amount Millions
1. Bank of America	279	0	279	\$6.8
2. Capital One Federal Savings	100	0	100	\$3.9
3. BB&T	56	10	66	\$15.5
4. Wachovia Bank	39	1	40	\$18.8
5. First Citizens Bank	9	17	26	\$11.6

Community Express Lenders*

1. Innovative Bank	217	0	217	\$2.6
2. Business Loan Express	98	0	98	\$3.1

Community Banks

1. Surrey Bank & Trust Company	39	1	40	\$6.9
2. Community South Bank	8	5	13	\$13.8
3. The Fidelity Bank	7	3	10	\$3.7
3. Bank of Stanly	8	2	10	\$2.2

Small Business Lending Companies

1. Self-Help Credit Union	48	0	48	\$2.2
2. CIT Small Business Lending Corp.	32	2	34	\$19.0

Certified Development Companies

1. Self-Help Ventures Fund	38	38	\$20.4
2. Centralina Dev. Corp.	20	20	\$13.6
3. Business Expansion Funding Corp.	19	19	\$7.8

*Only SBA CommunityExpress loans are tabulated in this category.

SBA ADVISORY TO LENDERS USING SBAEXPRESS PROGRAMS

SBA's Western Regional Office of the Inspector General (OIG) has detected fraudulent schemes on a number of SBAExpress loans. While SBA has no evidence that these fraudulent cases constitute a large percentage of loans, we are asking lenders who participate in SBAExpress and SBA CommunityExpress programs to maintain a high level of diligence to identify and prevent fraud. Lenders that identify fraudulent activity should refer the matter to the OIG for investigation. Some examples include:

- 1) Fraud schemes are perpetrated by a loan packager or broker and borrowers who the packager/broker has recruited.
- 2) A number of these loans involved a packager/broker who recruits borrowers of the same ethnic group, who are often recent immigrants.
- 3) Multiple loan applications that reflect the same handwriting and business address.
- 4) False statements made as to the length of time a business has been in existence, the number of employees, sales figures, business address, and other information. In many cases, the businesses do not even exist.
- 5) Loan applications submitted to different lenders for the same business. The borrower does not disclose that he/she has applied for loans elsewhere.
- 6) Borrowers using either false social security numbers or obtaining multiple loans through the same social security number.

SBA is committed to supporting lenders and working with them to investigate these schemes and will seek criminal prosecution, where appropriate. Most lenders already have adequate safeguards already in place, but to deter and prevent this fraud, if lenders are not already doing so, the OIG recommends some or all of the following actions:

- ◆ Monitor and track involvement of loan brokers and packagers in the loan application process. SBA Form 1919 requires SBAExpress applicants to disclose whether or not anyone assisted them in the preparation of their loan. It may also be helpful to ask the borrowers whether any loan agent or broker assisted with the loan application.
- ◆ Take other steps to verify the existence, location and ownership of business borrowers through Dun and Bradstreet checks or other means, such as reviewing Secretary of State listings or conducting site visits. SBA investigations have shown, for example, that fictitious businesses have never made required state tax filings or filed other tax returns. Lenders are reminded of the IRS tax verification requirements found in the SBAExpress Program Guide.
- ◆ Develop methods of ensuring that multiple loans are not being made to the same borrowers or businesses or to businesses located at the same address. In several cases, the same social security number has been used to obtain loans from the same lender to different borrowers.
- ◆ Undertake greater efforts to make a positive identification of the borrower. SBA Information Notice 5000-887, Lender Compliance with Treasury Requirements for Customer Identification Programs, summarized lender obligations under Department of Treasury requirements for customer identification. Also, lenders should note that Section I of the Checklist, entitled Eligibility Information Required for SBAExpress submission, requires lender certification that the INS status of the applicant has been verified.
- ◆ Question the borrower about any recent inquiries reflected on credit reports, because this may indicate that the borrower is attempting to obtain multiple loans. Also, question the borrower about the lack of a credit history as this may indicate that the borrower is using a fictitious name, business or social security number.

If there are questions, or to report suspicious or potentially criminal conduct, contact the local OIG Investigative Office. Visit www.sba.gov/ig/hotline.html for more information.

FY 2006 LENDER RANKINGS OCTOBER 1, 2005– MAY 31, 2006

Lender	Total 7(a)	7(a) \$	504 Participation	504 Participation \$
Bank of America	279	\$ 6,804,100		
Innovative Bank	217	\$ 2,625,000		
Business Loan Center, LLC	102	\$ 6,419,500		
Capital One	100	\$ 3,895,000		
BB&T	56	\$ 10,111,870	10	\$ 5,405,750
Self-Help Credit Union	48	\$ 2,154,300		
Surrey Bank & Trust	39	\$ 4,631,400	1	\$ 2,225,000
Wachovia Bank	39	\$ 18,349,400	1	\$ 500,000
CIT	32	\$ 17,291,000	2	\$ 1,731,570
Bank of Granite	29	\$ 3,799,920	2	\$ 589,636
SunTrust	18	\$ 1,205,900	5	\$ 3,944,688
Banco Popular	14	\$ 7,938,200		
Community West Bank	14	\$ 3,562,400		
Comerica	10	\$ 5,308,000		
First Citizens Bank	9	\$ 3,202,000	17	\$ 8,409,846
Bank of Stanly	8	\$ 802,000	2	\$ 1,414,500
Community South Bank	8	\$ 5,504,000	5	\$ 8,266,500
Fidelity Bank	7	\$ 2,268,300	3	\$ 1,386,500
Wells Fargo	7	\$ 215,000		
UPS Capital	6	\$ 4,179,500		
Lehman Bros.	4	\$ 2,113,500		
New Century Bank	4	\$ 1,120,200		
RBC Centura	4	\$ 570,000	2	\$ 1,507,293
PNC Bank	3	\$ 513,700		
Unity Bank	3	\$ 1,123,500	2	\$ 3,437,500
Buckhead Bank	2	\$ 1,449,900		
Business Carolina, Inc.	2	\$ 2,075,000		
Cabarrus Bank & Trust	2	\$ 150,000	1	\$ 2,572,500
Carolina First	2	\$ 1,163,000		
Crescent State Bank	2	\$ 750,000	1	\$ 1,250,000
First Carolina State	2	\$ 1,912,700		
First Charter	2	\$ 325,000	1	\$ 422,500
First Trust Bank	2	\$ 380,000	8	\$ 2,045,354
Haven Trust	2	\$ 510,000		
Stearns Bank	2	\$ 403,400		
United Midwest Bank	2	\$ 2,305,000		
Waccamaw	2	\$ 370,000		
American Community Bank	1	\$ 275,000		
Bank of the Carolinas	1	\$ 250,000	1	\$ 2,200,000
Bank of the Commonwealth	1	\$ 108,100		
Beach Business Bank	1	\$ 762,800		
California Bank & Trust	1	\$ 100,000		
Capital Bank	1	\$ 160,000	1	\$ 490,000
First Community Bank	1	\$ 495,000	1	\$ 648,850
First Gaston Bank	1	\$ 150,000	1	\$ 191,000
First National Bank of Shelby	1	\$ 85,000		
First National Bank of the South	1	\$ 1,200,000		
First National Business Capital	1	\$ 1,725,000		
First Security Bank	1	\$ 176,000		
First Tennessee Bank	1	\$ 10,000		
FNB Financial Services	1	\$ 85,000		
Independence Bank	1	\$ 111,150		
Irwin Financial	1	\$ 330,000		
Macon Bank	1	\$ 550,000		
NBC Financial	1	\$ 550,000		
New Dominion	1	\$ 180,000		

FY 2006 LENDER RANKINGS OCTOBER 1, 2005– MAY 31, 2006

(CONTINUED)

Newtek	1	\$	118,000		
Peoples Bank	1	\$	995,000		
Sentry Bank & Trust	1	\$	98,000		
Sound Banking Co.	1	\$	60,000		
Southern Community B & T	1	\$	143,570	3	\$ 2,352,500
Temecula	1	\$	1,164,300		
The Bank of Currituck	1	\$	40,000		
The Heritage Bank	1	\$	395,500		
Truliant	1	\$	1,900,000		
United Heritage Bank	1	\$	200,000		
Yadkin Valley	1	\$	130,000	2	\$ 1,754,000
Asheville Savings Bank				2	\$ 2,885,000
Bank of Asheville				1	\$ 1,234,747
BLX Capital				1	\$ 2,050,000
Cardinal State Bank				1	\$ 830,000
Commerce West Bank				1	\$ 1,575,000
Catawba Valley				1	\$ 149,865
First Bank				1	\$ 210,000
First South Bank				1	\$ 700,000
First American Bank				1	\$ 257,500
GE Capital				5	\$ 5,622,997
Greater Bay Bank				1	\$ 499,200
Hometrust Bank				1	\$ 875,000
Lexington State Bank				1	\$ 297,500
Lumbree Guaranty Bank				1	\$ 3,106,255
Mid Carolina Bank				1	\$ 136,600
Nexity Bank				1	\$ 2,030,000
National Cooperative Bank				1	\$ 1,383,236
Piedmont Bank of GA				1	\$ 887,500
Provident Community Bank				1	\$ 271,000
Regions Bank				1	\$ 878,500
SterlingSouth Bank & Trust				1	\$ 654,890
Security National Bank				1	\$ 875,000
Sterling Bank				2	\$ 2,090,000
Temecula				1	\$ 1,300,000
United Community				3	\$ 1,880,203
Zions				4	\$ 2,944,000
Totals	1114	\$	140,049,110	109	\$ 88,369,480
<u>Certified Development Corps.</u>					
Self-Help Ventures Fund	38	\$	20,361,000		
Centralina Dev.	20	\$	13,590,000		
BEFCO	19	\$	7,772,000		
Asheville-Buncombe Dev.	9	\$	7,172,000		
Neuse River Dev.	7	\$	7,908,000		
Northwest Piedmont Dev.	7	\$	4,923,000		
Smoky Mountain Dev.	3	\$	2,576,000		
Region D. Dev.	2	\$	791,000		
Region E. Dev.	2	\$	373,000		
Wilmington Ind. Dev.	2	\$	1,528,000		
Total CDC Activity	109	\$	66,994,000		